

BUTZEL, LONG, GUST, KLEIN & VAN ZILE

1881 FIRST NATIONAL BUILDING

DETROIT, MICHIGAN 48226

(313) 963-8142

CABLE ADDRESS - "STARZEL"

LEO M. BUTZEL (1874-1961)

THOMAS G. LONG (1883-1973)

PHILIP T. VAN ZILE (1914-1980)

GEORGE E. BRAND, JR.  
WILLIAM M. SAXTON  
HAROLD A. RUEMENAPP  
JAMES D. RITCHIE  
JOHN J. KUHN  
LESLIE W. FLEMING  
MALCOLM J. SUTHERLAND  
WILLIAM L. POWERS  
ROBERT J. BATTISTA  
JAMES M. WIENNER  
JOHN P. WILLIAMS  
ROBERT M. KLEIN  
J. PATRICK MARTIN  
XHAFA ORHAN  
JOHN B. WEAVER  
GEORGE H. ZINN, JR.  
KEMP HOGAN  
JOHN H. DUDLEY, JR.  
ROBERT M. VERCRUYSE  
RICHARD E. RASSEL  
RICHARD D. GROW  
JON H. W. CLARK  
EDWARD M. KRONK  
PHILIP J. KESSLER  
RICHARD U. MOSHER

THOMAS E. SIZEMORE  
DONALD B. MILLER  
JOHN P. HANCOCK, JR.  
JAMES E. STEWART  
GEORGE E. KUEHN  
VIRGINIA F. METZ  
JONATHAN R. HARRIS  
JERE D. JOHNSTON  
CARL RASHID, JR.  
DAVID K. EASLICK, JR.  
D. STEWART GREEN  
DENNIS B. SCHULTZ  
WILLIAM V. KOKKO  
GREGORY V. MURRAY  
MARK T. NELSON  
GREGORY S. MUZINGO  
DANIEL P. MALONE  
WILLIAM J. CHAMPION  
BRUCE A. SHOLES  
CONSTANCE M. LACLAIR  
KEEFE A. BROOKS  
JUSTIN G. LIMKO  
MARGARET E. CZAJKA  
CAROLE M. CROSBY

BLOOMFIELD HILLS OFFICE

525 NORTH WOODWARD AVENUE

SUITE 1100

BLOOMFIELD HILLS, MICHIGAN 48304

(313) 646-7555

COUNSEL

OSCAR FELDMAN

OF COUNSEL

ROCKWELL T. GUST  
VICTOR W. KLEIN  
T. GORDON SCUPHOL  
ALFRED W. MASSNICK  
MARTIN L. BUTZEL  
ADDISON D. CONNOR  
JAMES E. LITTELL  
ELEANOR S. PAYNE  
GEORGE W. MENOLD

INTERSTATE COMMERCE COMMISSION

Detroit Office

April 2, 1981

1-036A045

No. APR 6 1981  
Date.....  
Fee \$50.00  
J. H.  
ICC Washington, D. C.

RECORDED  
I. C. C.  
APR 6 9 47 AM '81

Interstate Commerce Commission  
12th and Constitution Avenues NW  
Washington, D.C. 20423

Attention: Ms. Mildred Lee  
Room 2303

Re: Debtor - Lake Superior & Ishpeming Railroad Company  
105 East Washington Street  
Marquette, Michigan 49855  
Secured Party - The Cleveland-Cliffs Iron Company  
1460 Union Commerce Building  
Cleveland, Ohio 44115

Dear Ms. Lee:

Enclosed for recordation is an executed copy of a Security Agreement, dated as of March 31, 1981, by Lake Superior & Ishpeming Railroad Company with The Cleveland-Cliffs Iron Company.

A check in the amount of \$50 in payment of the applicable recordation fee is also enclosed.

Also enclosed is a duplicate copy of this letter together with a copy of the Security Agreement attached thereto. Please stamp both the letter and the first page of the Security Agreement to confirm your receipt and filing of the Security Agreement, and return the same to me in the preaddressed, stamped envelope which has been enclosed for that purpose.

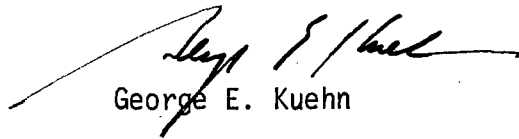
Interstate Commerce Commission  
April 2, 1981

Page 2

Per a telephone conference of this date between the undersigned and Ms. Lee, it is requested that the processing of this filing be expedited and that Ms. Lee telephone the undersigned to confirm the date and time of filing and the recordation number. Your anticipated cooperation in this regard is greatly appreciated.

Very truly yours,

BUTZEL, LONG, GUST, KLEIN & VAN ZILE



George E. Kuehn

106:dd

Encs.

Express mail

cc: Mr. James J. Scullion  
William A. Beck, Esquire

**Interstate Commerce Commission**  
Washington, D.C. 20423

4/6/81

OFFICE OF THE SECRETARY

George E. Kuehn  
Butzel, Long, Gust, Klein & Van Zile  
1881 First National Building  
Detroit, Michigan 48226

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **4/6/81** at **9:55am**, and assigned re-  
recording number(s): **13040**

Sincerely yours,

*Agatha L. Mergenovich*  
Agatha L. Mergenovich  
Secretary

Enclosure(s)

RECORDATION NO. 13040 Filed 1425

APR 6 1981 -9 35 AM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

SECURITY AGREEMENT, dated as of the 31st day of March, 1981, by LAKE SUPERIOR & ISHPEMING RAILROAD COMPANY, a Michigan corporation having its principal office at 105 East Washington Street, Marquette, Michigan 49855 with THE CLEVELAND-CLIFFS IRON COMPANY, an Ohio corporation having its principal office at 1460 Union Commerce Building, Cleveland, Ohio 44115

Recitals

- A. LSI has simultaneously herewith entered into the Loan Agreement pursuant to which Cliffs has agreed to loan LSI the principal amount of \$6,200,000.
- B. The Loan Agreement requires that such loan be secured as hereinafter provided.

Agreements

NOW, THEREFORE, the parties hereby agree as follows:

1. DEFINITIONS. As used herein:

- 1.01. "this Agreement" means this Security Agreement as it may from time to time be amended or supplemented.
- 1.02. "AmeriTrust" means AmeriTrust Company, an Ohio banking corporation.
- 1.03. "Banks" means, collectively, AmeriTrust and NBD.
- 1.04. "Cliffs" means The Cleveland-Cliffs Iron Company, an Ohio corporation.
- 1.05. "Code" means the Uniform Commercial Code as now in effect in the State of Michigan and as it may from time to time hereafter be amended.
- 1.06. "Collateral" means collectively, (a) the railroad rolling stock described in Schedule A hereto, (b) all equipment or goods now or hereafter installed in or affixed to such railroad rolling stock, (c) all replacements to the foregoing or any

thereof required to be made pursuant to any term or provision of this Agreement, and (d) any and all proceeds (as defined in the Code) of the foregoing.

1.07. "Debt" means all indebtedness of LSI to Cliffs in respect of the Loan Agreement from time to time outstanding, and all interest accrued thereon, (b) all costs and expenses incurred by Cliffs in the collection of any such indebtedness, (c) all future advances made by Cliffs for the protection, preservation or collection of any portion of the Collateral, including without limitation advances for storage and transportation charges, insurance, taxes and repairs, and (d) all other existing and future indebtedness or obligations of LSI to Cliffs under the Debt Instruments for the payment or reimbursement of any amounts.

1.08 "Debt Instruments" means, collectively, the Loan Agreement, other loan or credit agreements between LSI and Cliffs, the Promissory Note, promissory notes evidencing any other Debt, and this Agreement.

1.09. "Event of Default" means any of the events of default specified in Section 10 of the Loan Agreement.

1.10. "Fair Market Value" means the fair market sales value which would be obtained in an arm's length transaction between an informed and willing buyer-user (other than a used equipment or scrap dealer) and an informed and willing seller under no compulsion to sell or lease.

1.11. "Lines of Credit" means, collectively, the two lines of credit amounting in the aggregate to \$3,000,000.00 which have been made available to LSI in the amounts of \$1,800,000.00 and \$1,200,000.00 by AmeriTrust and NBD, respectively, pursuant to respective Letter Agreements, each dated February 22, 1980.

1.12. "Loan Agreement" means the Loan Agreement, dated as of the date hereof, between LSI and Cliffs.

1.13. "LSI" means Lake Superior & Ishpeming Railroad Company, a Michigan corporation.

1.14. "NBD" means National Bank of Detroit, a national banking association.

1.15. "Obligations" means the obligations, other than for the payment of Debt, to be performed or observed by LSI under the Debt Instruments.

1.16. "Prior Indebtedness" means, collectively, the indebtedness of LSI (i) under the Lines of Credit, (ii) for a \$4,000,000.00 advance made by AmeriTrust, which is secured by a Security Agreement dated October 24, 1978 by LSI with AmeriTrust, and (iii) for a \$674,915.60 advance made by AmeriTrust, which is secured by a Security Agreement dated October 24, 1978 by LSI with AmeriTrust.

1.17. "Prior Security Documents" means, collectively, the Security

Agreement dated as of September 17, 1976 by LSI with NBD as agent for itself and AmeriTrust, the Security Agreement dated October 24, 1978, by LSI with AmeriTrust, and, a second Security Agreement dated October 24, 1978 by LSI with AmeriTrust.

1.18. "Promissory Note" means the Promissory Note issued pursuant to the Loan Agreement by LSI to Cliffs, in the principal amount of \$6,200,000.00.

2. SECURITY INTEREST. LSI grants to and creates in favor of Cliffs for the benefit of Cliffs and its successors and assigns and for the holders of the Debt or any thereof, a security interest under the Code in and to the Collateral as security for payment of the Debt and performance by LSI of the Obligations, such security interest being subordinated to the extent, and only to the extent, provided in Section 3 hereof.

3. SUBORDINATION. The security interest granted to and created in favor of Cliffs pursuant to the preceding Section 2 shall be and is subordinate to the security interest in the Collateral heretofore granted to and created in favor of the Banks as security for the payment of the Prior Indebtedness pursuant to and under the terms of the Prior Security Documents. As soon as the Collateral or any part thereof shall be free of the security interest therein under the Prior Security Documents, then, without any further action on the part of LSI or Cliffs, immediately and automatically the security interest created under this Agreement in favor of Cliffs shall be and become a first security interest in the Collateral or in that portion of the Collateral which has been freed of the security interest created by the Prior Security Documents.

4. REPRESENTATIONS AND WARRANTIES. LSI represents and warrants that (a) it is the sole and absolute owner of the Collateral, (b) it has not entered into any other security agreement in respect of the Collateral or any thereof which has not been released and discharged as of the date of execution and delivery of this Agreement, excepting however the Prior Security Documents, and (c) there exists no security interest, mortgage, lien or equipment trust in respect of the Collateral or any thereof other than the security interest created by this Agreement and by the Prior Security Documents.

5. COVENANTS RESPECTING THE COLLATERAL. LSI shall, except to the extent compliance with the following covenants shall have been waived by the prior written consent of Cliffs, at all times until the Promissory Note shall have been paid in full comply with the following covenants:

5.01 No Liens. LSI shall not grant any security interest in or create any mortgage or other lien of any kind on the Collateral or any thereof, other than the security interests created by this Agreement and the Prior Security Documents. LSI shall satisfy any such lien that may be imposed on the Collateral or any thereof before any such lien or any obligation secured thereby becomes in default in any manner.

5.02. No Dispositions. LSI shall not lease (except in the ordinary course of business for a term cancellable upon no more than 30 days' notice), abandon, sell or otherwise dispose of the Collateral or any thereof unless LSI shall give Cliffs

prompt written notice thereof, no Event of Default shall have occurred and be continuing, and, if the aggregate Fair Market Value of the Collateral immediately after the date of such lease, abandonment, sale or other disposition would not equal or exceed the principal amount of the Debt outstanding on such date upon the date of such lease, abandonment, sale or other disposition LSI shall either (a) replace such Collateral with other equipment which shall be of the same or later year of manufacture or completely rebuilt equipment of the same or a costlier type and the same or better physical condition, and shall execute and deliver to Cliffs a security agreement which shall grant to Cliffs, for the benefit of Cliffs or other holders of the Debt, a security interest in such substituted equipment as security for the Debt and (except for necessary changes in dates and in references to the Debt and the Collateral) shall be in the same form and of the same substance as this Agreement, or (b) pay to Cliffs in cash, for application to the principal amount of the Debt (and to the portion thereof having the latest maturities), an amount bearing the same ratio to the then unpaid principal amount of the Debt as the aggregate Fair Market Value of the Collateral to be so disposed of immediately prior to the date of disposition bears to the aggregate Fair Market Value of the Collateral at December 31, 1980, namely \$19,044,556.

5.03. No Willful Injury. LSI shall not willfully, materially injure or destroy the Collateral or any thereof or deface any identifying mark thereon.

5.04. Compliance with Laws, etc. LSI shall comply with all applicable laws and governmental regulations pertaining to the Collateral or the manner of using or operating the same, and, if any applicable law or regulation shall require any change, replacement or addition of any kind in or to the Collateral or any thereof, LSI shall notify Cliffs thereof promptly in writing and promptly effect such required change, replacement or addition.

5.05. Maintenance. LSI shall maintain the Collateral in as good condition and repair as it now is (reasonable wear and tear excepted) all at no cost or expense to Cliffs.

5.06. Taxes. LSI shall pay every tax or assessment imposed on the Collateral or any thereof, on the use thereof, on the Debt or any thereof or on this Agreement, provided, that no such tax or assessment need be paid if the same is being contested in good faith by appropriate proceedings promptly initiated and diligently conducted and such reserve or other appropriate provision, if any, as shall be required in accordance with generally accepted accounting principles shall have been made therefor.

5.07 Identification and Markings. Upon the Collateral or any part thereof becoming free of the liens created by the Prior Security Documents, LSI shall use its best efforts to promptly cause each side of each piece of railroad rolling stock included in the Collateral so freed from the lien of the Prior Security Documents, to be conspicuously marked "The Cleveland-Cliffs Iron Company, Secured Party" in letters not less than one inch in height, and thereafter shall not permit such rolling stock to carry the name of any person other than LSI and Cliffs (as aforesaid) in any manner which might be interpreted as a claim of ownership, security interest or other right therein.

5.08. Road Numbers, etc. LSI shall keep the Collateral numbered with LSI's identifying road numbers as set forth in Schedule A and, in each case before making any change or permitting any change to be made in such identifying road numbers, shall notify Cliffs thereof in writing and record or file an appropriate statement of such change in each public office where this Agreement shall have been recorded or filed.

5.09. Inspection. LSI shall permit Cliffs to inspect the Collateral at the then existing location thereof and shall give Cliffs such information in writing about the location, physical condition and general use of the Collateral as Cliffs may from time to time reasonably request.

5.10. Location. LSI will not permit (a) more than 15% of the rolling stock included in the Collateral to be located in any jurisdiction or jurisdictions other than the State of Michigan, or (b) more than 5% of the rolling stock included in the Collateral to be located outside of the continental United States.

5.11. Expenses. LSI shall pay, and shall indemnify Cliffs from and against, all out-of-pocket expenses, costs, losses and liabilities of any kind incurred by Cliffs in any manner in respect of the Collateral or by reason of this Agreement or in connection with perfecting the security interest created hereby or verifying its priority.

5.12. Amendment of Prior Security Documents. LSI shall not enter into any agreement amending the terms of any one or more of the Prior Security Documents without the written consent of Cliffs, except as specifically contemplated by the Loan Agreement.

6. REPLACEMENT OF COLLATERAL OR PAYMENT. LSI shall give Cliffs prompt written notice whenever any railroad rolling stock included in the Collateral becomes destroyed, lost or damaged beyond repair and, if the aggregate Fair Market Value of the Collateral immediately after the date of such destruction, loss or damage would not equal or exceed the principal amount of the Debt outstanding on such date, within ten days after the occurrence of such destruction, loss or damage shall, to the extent proceeds have been or will be received from such occurrence and shall not be otherwise payable pursuant to the Prior Security Documents either (a) replace such destroyed, lost or damaged Collateral with other equipment which shall be of the same or later year of manufacture or completely rebuilt equipment of the same or costlier type and the same or better physical condition, and shall execute and deliver to Cliffs a security agreement which shall grant to Cliffs, for the benefit of Cliffs or other holders of the Debt, a security interest in such substituted equipment as security for the Debt and (except for necessary changes in dates and in references to the Debt and the Collateral) shall be in the same form and of the same substance as this Agreement, or (b) pay to Cliffs in cash, for application to the principal amount of the Debt (and to the portion thereof having the latest maturities), an amount bearing the same ratio to the then unpaid principal amount of the Debt as the aggregate Fair Market Value of the destroyed, lost or damaged railroad rolling stock immediately prior to the date of destruction, loss or damage bears to the aggregate Fair Market Value of the Collateral at December 31, 1980, namely, \$19,044,556.



7. **ADDITIONAL ADVANCES.** If LSI shall fail or omit to perform or observe any obligation imposed on LSI by this Agreement, by the Loan Agreement or by the operation of law, Cliffs shall have the right (but not the duty) to perform each such obligation on behalf of LSI and at LSI's cost and expense; and each payment made by Cliffs in performing any such obligation shall constitute a part of the Debt, shall bear interest at the rate of 14% per annum, and shall be secured by the Collateral pursuant to this Agreement.

8. **PERFECTION OF SECURITY INTEREST.** LSI will:

8.01. **Recordation.** Cause this Agreement and all amendments and supplements hereto to be promptly filed and recorded, and to be refiled and re-recorded, in such manner and in such places as may be required by law to make effective the security interest intended to be created hereby and to maintain the priority thereof, and will pay all fees and taxes incidental thereto.

8.02. **Opinion of Counsel.** Furnish to Cliffs upon request of Cliffs, after the close of each fiscal year of LSI ending after the date hereof an opinion of counsel satisfactory to Cliffs describing the action taken during such fiscal year in compliance with Section 8.01 or stating that no such action during such fiscal year was necessary.

8.03. **Further Assurances.** Upon the request of Cliffs from time to time, execute such documents and take such other action as Cliffs may deem necessary or advisable to perfect the security interest created hereby.

9. **ENFORCEMENT.**

9.01. **General.** If any Event of Default shall have occurred and be continuing, Cliffs shall have the rights and remedies with respect to the Collateral or any part thereof as are provided by the Code and such other rights and remedies with respect thereto as are accorded by law or in equity or under this Agreement, including without limitation the right to take possession of the Collateral with or without judicial process, and the right to sell all or any part of the Collateral at public or private sale, at such place or places and at such time or times and in such manner as Cliffs in its sole discretion, may determine. Cliffs shall give LSI not less than ten days' prior written notice of either the date after which any intended private sale is to be made or the time and place of any intended public sale, and LSI hereby waives any further or other notice of such sale and also waives advertisement thereof. At any such public sale, Cliffs may purchase the Collateral or any thereof free from any right of redemption, which right LSI hereby waives and releases.

9.02. **Delivery of Possession, etc.** Upon the occurrence of any Event of Default LSI shall, promptly upon demand of Cliffs, assemble the Collateral and make the same available to Cliffs as provided in paragraphs (a) and (b) below. In connection with the delivery of possession of any or all of the Collateral to Cliffs as above required, LSI shall at its own cost, expense and risk:

(a) as promptly as practicable place the Collateral upon such storage tracks as are served by LSI as may be reasonably designated by Cliffs and permit Cliffs to store the Collateral on such tracks until the Collateral has been sold or otherwise disposed of by Cliffs; and

(b) transport the Collateral to any place on the lines of the railroad operated by LSI for interchange to any connecting carrier, all as reasonably directed by Cliffs.

9.03 Application of Proceeds. Subject to the legal rights of the Banks under the Prior Security Documents, Cliffs shall, apply the proceeds of any sale or other disposition of the Collateral to the payment of the Debt in the following order of priority:

First, to all costs and expenses incurred by Cliffs as the consequence of any Event of Default or in realizing upon the Collateral.

Second, to the payment of accrued and unpaid interest on the Promissory Note, as provided in the Loan Agreement.

Third, to the payment of unpaid principal of the Promissory Note, as provided in the Loan Agreement.

Fourth, to the payment of all other debt owing by LSI to Cliffs.

Any surplus remaining after payment of the Debt as aforesaid shall be paid by Cliffs to LSI and LSI shall be and remain liable for any deficiency.

9.04. Waiver. LSI, for itself and all who may claim through it, hereby waives, to the extent that it may lawfully do so, all right to a marshalling of assets in connection with any action taken by Cliffs to collect upon the Debt, whether by enforcement against the Collateral or otherwise.

10. DEFEASANCE. If the Debt shall be paid in full, other than by enforcement against the Collateral as provided in Section 9, the rights of Cliffs to the Collateral shall terminate, and Cliffs shall execute appropriate instruments evidencing the termination of this Agreement and discharge of the security interest created hereby. If no Event of Default shall have occurred and be continuing, Cliffs shall execute appropriate instruments evidencing the discharge of the security interest created hereby with respect to any item or items of the Collateral disposed of by LSI pursuant to section 5.02 (and the proceeds thereof) or which have been destroyed, lost or damaged beyond repair, as provided in Section 6.

11. AMOUNT OF PRIOR INDEBTEDNESS. LSI hereby represents and warrants that, as of the date of this Agreement, the aggregate liability of LSI for the Prior Indebtedness is not more than \$7,245,000.00, plus accrued and unpaid interest since December 31, 1980, and that LSI is not in default with respect to the Prior Indebtedness or under the terms of the Prior Security Documents.

12. **APPLICABLE LAW; SEVERABILITY.** Except to the extent that the recordation of the security interest created hereby is governed by the laws of the United States of America, this Agreement shall be governed by and construed in accordance with the laws of the State of Michigan. If any provision hereof shall for any reason be held invalid or unenforceable, such invalidity or enforceability shall not affect any other provision hereof, but this Agreement shall be construed as if such invalid or unenforceable provision had never been contained herein.

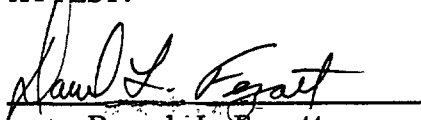
13. **NOTICES.** Any notice or other communication required to be given hereunder shall be in writing and shall be deemed given when personally delivered to an officer of the party to which the notice is intended or, if mailed, when received by the party to which the notice is intended. If mailed, notices shall be by registered or certified mail at LSI's or Cliffs', as the case may be, addresses set forth at the beginning of this Agreement or to such other address that may have been furnished by LSI or Cliffs for such purposes.

14. **AMENDMENTS AND WAIVERS.** Any term of this Agreement may be amended and the observance hereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only with the written consent of LSI and Cliffs.

15. **INTERPRETATION.** Each right, power or privilege specified or referred to in section 9 or elsewhere in this Agreement is cumulative and in addition to and not in limitation of any other rights, powers and privileges that Cliffs may otherwise have or acquire by operation of law, by contract or otherwise. No course of dealing by Cliffs in respect of, or any omission or delay by Cliffs in the exercise of any right, power or privilege shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other further exercise thereof or of any other right, power or privilege, as Cliffs may exercise each such right, power or privilege either individually or concurrently with others and as often and in such order as Cliffs may determine expedient. This Agreement shall bind LSI and LSI's successors and assigns and shall inure to the benefit of Cliffs, and its respective successors and assigns.


IN WITNESS WHEREOF, the parties have executed this Agreement as of March 31, , 1981.

ATTEST:

  
Darrel L. Fezatt  
Assistant Secretary

LAKE SUPERIOR & ISHPEMING RAILROAD  
COMPANY

By:

  
James J. Scullion, President

  
M. E. JACKSON ASSISTANT SECRETARY

THE CLEVELAND-CLIFFS IRON COMPANY

By:

  
T. E. MCGINTY SENIOR VICE PRESIDENT

STATE OF MICHIGAN       )  
                                  ) SS:  
COUNTY OF MARQUETTE )

On this 31st day of March, 1981, before me personally appeared JAMES J. SCULLION, , to me personally known, who being by me duly sworn, says that he is the President of Lake Superior & Ishpeming Railroad Company, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]



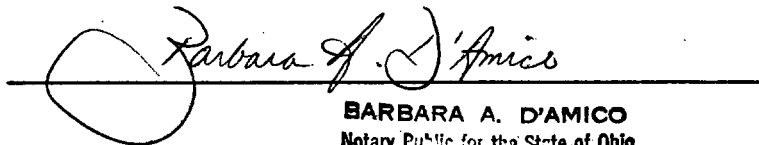
BARBARA A. WOODRUFF  
Notary—Marquette Co.  
My Comm. Expires 11-4-84

My commission expires \_\_\_\_\_

STATE OF OHIO       )  
                                  ) SS:  
COUNTY OF CUYAHOGA )

On this 31st day of March, 1981, before me personally appeared T. E. McGINTY, to me personally known, who being by me duly sworn, says that he is the SENIOR VICE PRESIDENT of THE CLEVELAND-CLIFFS IRON COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[Seal]



BARBARA A. D'AMICO  
Notary Public for the State of Ohio  
My Commission Expires March 14, 1983

My commission expires \_\_\_\_\_ .

SCHEDULE A TO SECURITY AGREEMENT

Itemization of Collateral

<u>Type &amp; Quantity</u>	<u>Identifying Numbers (in Series)</u>
Diesel Electric Locomotives	
2 1600 HP	1604 and 1608
4 1800 HP	1801 - 1804 inclusive
5 2250 HP	2300 - 2304 inclusive
6 2400 HP	2400 - 2405 inclusive
2 2500 HP	2500 and 2501
Freight Cars	
451 50-Ton Ore Hoppers	1400 - 1899 inclusive
1853 70-Ton Ore Hoppers	7000 - 7899 inclusive
	9000 - 9659 inclusive
	25000 - 26000 inclusive
186 80-Ton Ore Hoppers	8000 - 8199 inclusive
88 85-Ton Ore Hoppers	8500 - 8599 inclusive
Box Cars	
32 100,000 Capacity	2400 - 2489 inclusive
	2700 - 2709 inclusive

LSI

CLIFFS